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18 Ganong Estate and Living Trust

19 **IN THE UNITED STATES BANKRUPTCY COURT**
20 **CENTRAL DISTRICT OF CALIFORNIA**
21 **NORTHERN DIVISION**

22 In re) CASE NO. 9:19-bk-11573-MB
23 HVI CAT CANYON, INC.) (Chapter 11)
24 Debtor.)
25) **DECLARATION OF BARBARA GANONG IN**
26) **SUPPORT OF JOINDER IN CHAPTER 11**
27) **TRUSTEE'S OBJECTION TO MOTION FOR**
28) **RELIEF FROM THE AUTOMATIC STAY OR**
) **FOR ORDER CONFIRMING THAT THE**
) **STAY DOES NOT APPLY (DOCKET NO.**
) **790)**
)
) Date: February 25, 2020
) Time: 10:30 a.m.
) Place: 1415 State St.
) Santa Barbara, CA 93101
) Courtroom 201
) Judge: Martin R. Barash
)

29 I, BARBARA GANONG, state and declare as follows:
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1 1. I am an individual and a member of Buganko, LLC
2 ("Buganko") and a beneficiary of the Janet K. Ganong Estate and
3 Living Trust ("Ganong Trust"). I currently reside in Colorado. I
4 have been a registered Petroleum Engineer (California #P1503) and
5 worked in the petroleum industry for approximately forty years. I
6 am the principal of Zena Consulting, LLC, which provides petroleum
7 engineering consulting services to municipalities, companies and
8 individuals in the petroleum industry. These services include
9 reviewing production records and reconciling royalty payments for
10 mineral interest owners, as well as, landowner interaction for
11 surface use agreements on private and state lands.

12 2. I have personal knowledge of the matters set forth
13 herein. If called as a witness in this action, I could and would
14 testify competently to the matters contained herein from my personal
15 knowledge or from information communicated to me in the ordinary
16 course of business.

17 3. Buganko is a California LLC formed by myself and my three
18 brothers to manage and/or hold certain lease and contract rights for
19 real property that the Ganong Trust owns in Orange County,
20 California that is part of the real property tract commonly known as
21 the Richfield East Dome Unit ("Redu Property"). My three brothers
22 and I are the beneficiaries of the Ganong Trust. Ganong Trust has
23 given Buganko authority to act on its behalf in this proceeding.
24 The land in Orange County that is part of the Redu Property has been
25 in my family for over one hundred (100) years and has been passed
26 down through the generations. Pursuant to a Community Oil and Gas
27 lease (commonly known as the Richfield Consolidated Lease) executed
28

1 in 1919, the owners of various parcels of lands and lots, including
2 my great grandparents, A.J. and Minnie Koch, and W.M. and Ida
3 Bubach, leased their property for oil and gas exploration and
4 development. In conjunction with the lease, there is a Surface
5 Rental Agreement in place that allows access to the surface for
6 related activities. The Richfield Consolidated Lease and Rental
7 Surface Agreement have been assigned to various lessees over the
8 years and are currently held by the Debtor.

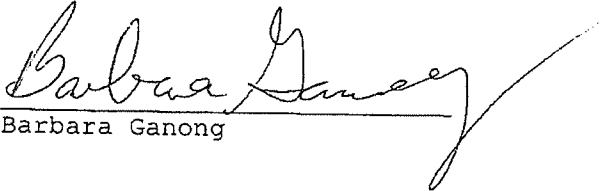
9 4. Pursuant to the terms of a Unit Agreement for the
10 Richfield East Dome Unit, Richfield Oil and Gas Field , Orange
11 County, California dated October 15, 1969, recorded on December 30,
12 1969, as Instrument No. 188862, in Book 9177, at Page 873 of the
13 Official Records of Orange County, California ("Unit Agreement"),
14 the Ganong Trust is currently entitled to certain royalty interests
15 each month from the Debtor. The Debtor has failed to pay Royalty
16 payments to the Ganong Trust since August of 2018. In addition,
17 since August of 2018, through the date of this declaration, the
18 Debtor has failed to provide Ganong Trust the monthly production
19 reports from which the amount of the royalty payments would be
20 determined. On February 27, 2019, I sent a letter to the Debtor
21 requesting Run Tickets or custody transfer tickets from January 2018
22 for the Redu Unit, but did not receive the requested information.
23 Post-petition, the Debtor denied Buganko or its counsel access to
24 its online "data room" to obtain this information. It is my
25 understanding and belief that the Debtor has failed to provide
26 monthly production reports to all the Royalty holders in this case
27 and has not provided any monthly production data to support the
28

1 calculation of the Royalty payments which were paid or due to be
2 paid to the Royalty holders.

3 5. As a result of the Debtor's refusal to provide the
4 production data information, there is no certainty as to the amount
5 of royalties that are alleged to be due to GRL, LLC pursuant to the
6 Motion for Relief from Stay filed by GRL, LLC ("the Motion"). The
7 fact that GRL, LLC is an affiliate of the Debtor and an insider in
8 this case should be of equal concern. Following the filing of this
9 case the Debtor and its affiliates have failed to deliver
10 significant oil proceeds generated by the Debtor's
11 operations(exceeding \$1.0 million) to the Chapter 11 Trustee. This
12 estate may have significant claims against these affiliates,
13 including GRL, LLC for this wrongful conduct. Relief from stay
14 should not be granted to GRL, LLC until such time as the amount due
15 to GRL, LLC is determined and whether GRL, LLC is subject to a
16 setoff for post-petition transfers improperly received in this case.

17
18
19 I declare under penalty of perjury pursuant to the laws of the
20 United States of America that the foregoing is true and correct.

21 Executed this 9 day of February, at 2020,
22 Colorado.

23
24
25 
26 Barbara Ganong
27
28

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
924 Anacapa Street, Suite 1M, Santa Barbara, CA 93101

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF BARBARA GANONG IN SUPPORT OF JOINDER IN CHAPTER 11 TRUSTEE'S OBJECTION TO MOTION FOR RELIEF FROM THE AUTOMATIC STAY OR FOR ORDER CONFIRMING THAT THE STAY DOES NOT APPLY**

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 2/11/2020, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) 2/11/2020, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Martin R. Barash
United States Bankruptcy Court
Central District of California
21041 Burbank Boulevard, Suite 342 / Courtroom 303
Woodland Hills, CA 91367

☒ Service information continued on attached page

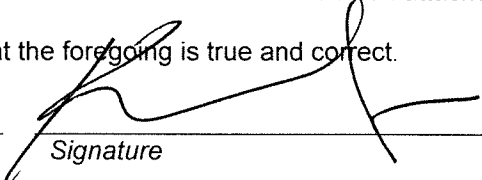
3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) , I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

2/11/2020
Date

Karen L. Grant
Printed Name


Signature

ADDITIONAL SERVICE INFORMATION

1. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)

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